

## Message Text

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ORIGIN COME-00

INFO OCT-01 EA-11 ISO-00 EB-11 SPC-03 AID-20 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

L-03 H-03 PA-04 USIA-15 PRS-01 INT-08 SCEM-02 AGR-20

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BIC/OIM/238 C/A. MURRAY

EB - WCARMSTONG

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TO AMEMBASSY SEOUL

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EO 11652: NA

TAGS: BTRA, KS, PGOV, EGEN

SUBJ: SEC. DENT/MINISTER LEE MEETING

REF: (A) SEOUL 7202, B. STATE 217997, C. SEOUL 7599

1. MEMORANDUM OF SECRETARY DENT'S MEETING WITH MINISTER LEE, THURSDAY, NOV. 8, 1973, 11:30 AM FOLLOWS VERBATIM. PARTICIPANTS WERE SECRETARY DENT, UNDER SECRETARY TABOR, M. VAN GESSEL, MINISTER LEE, AMBASSADOR DONG JO KIM, MIN KIL

CHUNG, AND JAE YUL HAN FROM MCI, C.T. CHUNG AND CHIN SHIK NOH FROM KOREAN EMBASSY, WASHINGTON.

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2. "SECRETARY DENT OPENED THE MEETING BY EXPRESSING HIS APPRECIATION FOR THE RESULTS OF THE RECENT KOREAN PURCHASING MISSION AND OFFERED THE DEPARTMENT'S COOPERATION FOR SIMILAR MISSION IN FUTURE. MINISTER LEE EXPRESSED HIS THANKS

FOR HOSPITABLE TREATMENT MISSION HAD RECEIVED AND EXPRESSED HIS APPRECIATION FOR MR. CORLESS' PRESENCE AT ELECTRONICS SHOW IN KOREA. MINISTER LEE ADDED THAT THERE IS STRONG INTEREST BY US COMPANIES IN INVESTMENT IN KOREA AND THAT EXCEPTIONS WILL BE MADE TO KOREA'S INVESTMENT REGULATIONS TO ALLOW SOME TOP 10 US ELECTRONICS FIRMS TO INVEST IN KOREA AS THEY PLEASED. HE MENTIONED THAT AS SOON AS HE RETURNED TO KOREA, THESE FIRMS WOULD BE NOTIFIED."

3. "SECRETARY DENT EXPRESSED HIS REGRET ABOUT DELAY OF KENNEDY INVESTMENT MISSION AND STATED THAT SECRETARY KENNEDY WAS ONE OF BEST FRIENDS KOREA HAD. MINISTER LEE AGREED THAT KENNEDY WAS DOING FINE JOB IN FURTHERING TRADE AND ECONOMIC RELATIONS BETWEEN TWO COUNTRIES."

4. "CONVERSATION THEN WENT ON TO COVER RECENT TRADE FIGURES BETWEEN TWO COUNTRIES AND MINISTER LEE MENTIONED THAT KOREA'S

EXPORTS TO JAPAN NOW SURPASS KOREAN EXPORTS TO UNITED STATES. SECRETARY DENT EXPRESSED APPRECIATION FOR CHANGES IN TRADE FIGURES, BUT ASKED MINISTER TO LOOK INTO RECENT SITUATION ON SSANG YONG CEMENT PLANT, WHERE REPORTEDLY FULLER COMPANY HAD NOT RECEIVED AWARD EVEN THOUGH THEIR BID WAS LOWER THAN JAPANESE COMPANY. MINISTER LEE INDICATED THAT FINANCING PACKAGE MADE BY MITSUBISHI WAS BETTER THAN TERMS OFFERED BY FULLER; HE ADDED IF FULLER COULD OFFER EQUAL FINANCIAL TERMS KOREANS WOULD RECONSIDER; HE AGREED TO FOLLOW UP."

5. "(FYI: SINCE THAT TIME, MR. VAN GESSEL HAS CHECKED WITH EXIM'S ALEX MCCULLOUGH, WHO OFFERS THE FOLLOWING EXPLANATION. THE JAPANESE HAVE OFFERED TERMS OF 11 1/2 YEARS VERSUS NORMAL 7 YEARS FOR EXIM. IN ADDITION, JAPANESE HAVE AGREED TO PURCHASE ANY UNUSED OUTPUT OF CEMENT PLANT. FULLER'S PEOPLE DID DISCUSS THIS PROJECT WITH EXIM BUT THEY VOLUNTARILY AGREED NOT TO MAKE EXIMBANK APPLICATION SINCE TERMS WERE SO LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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FAR OUT OF LINE WITH NORMAL EXIM PROCEDURES THAT IT WAS UNLIKELY LOAN WOULD EVER BE APPROVED. MR. MCCULLOUGH STATED IT NOT UNUSUAL FOR EXIM TO EXTEND TERM ONE AND PERHAPS TWO YEARS, BUT THAT TO EXTEND TERMS IN EXCESS OF THAT WOULD RUN COMPLETELY COUNTER TO OUR AGREEMENTS WITH OECD AND MEMBERS OF BERNE UNION.)"

6. " MINISTER LEE APPRECIATED SECRETARY DENT'S ACTION IN WRITING MRS. BENTLEY REGARDING FREIGHT DISPARITY BETWEEN JAPAN AND KOREA. HOWEVER, HE HAS RECENTLY LEARNED THAT SHIPPING CONFERENCES HAVE RAISED THEIR RATES TO INCHON AND WOULD VERY MUCH LIKE SECRETARY DENT TO LOOK INTO PROBLEM. SECRE-

TARY DENT AGREED TO FOLLOW UP."

7. "SECRETARY DENT THEN OPENED SUBJECT OF FERROUS SCRAP AND INFORMED MINISTER LEE THAT WE WOULD DEVELOP PROGRAM WITHIN TWO WEEKS. SECRETARY DENT STRESSED THAT DEMAND BOTH OFF-SHORE AND

DOMESTICALLY WAS WAY UP, BUT THAT PROGRAM WOULD BE DEVELOPED WOULD BE MINDFUL OF KOREA'S NEEDS. SECRETARY DENT WENT ON TO SAY HE HAD HOPED PRICES AS WELL AS DEMAND WOULD HAVE EASED BY FOURTH QUARTER OF 1973, BUT THIS HAD NOT HAPPENED AND SITUATION IS CONTINUING AS TIGHT AS BEFORE. MINISTER LEE RESPONDED THAT PRICES DID NOT MATTER, BUT THAT KOREA NEEDED CONTINUED SUPPLY. HE STRESSED HE WAS PERSONALLY ASKING SECRETARY DENT'S FAVORABLE CONSIDERATION TO PROVIDE KOREA WITH WHAT THEY NEED AND HE QUOTED AN OLD KOREAN PROVERB THAT "BLOOD ON SPARROW'S LEG IS REALLY NO BLOOD AT ALL" -- INDICATING THAT KOREA'S DEMANDS FOR FERROUS SCRAP WAS REALLY DROP IN BUCKET. MINISTER LEE WENT ON TO SAY THAT THEY HAVE ALWAYS BEEN TREATED LIKE OTHER COUNTRIES SUCH AS JAPAN AND IN VIEW OF FACT THAT KOREA AND US FOUGHT TOGETHER AND SHED BLOOD TOGETHER, KOREA OUGHT TO RECEIVE SPECIAL TREATMENT. SECRETARY DENT REPLIED THAT HE FULLY AWARE OF THEIR FEELINGS AS WELL AS THEIR NEEDS AND HAD NOT FORGOTTEN IMPRESSION HE RECEIVED LAST SUMMER WHILE IN KOREA. SECRETARY DENT REEMPHASIZED FACT THAT OUR PROBLEMS ON FERROUS SCRAP WERE CAUSED BY RECORD USAGE BOTH DOMESTICALLY AND OFF-SHORE AND HE CERTAINLY AWARE OF NEEDS OF KOREA BUT COULD NOT GUARANTEE CONTINUED SUPPLIES TO ALL NATIONS. HE ADDED HE COULD GUARANTEE THAT KOREA'S NEEDS WOULD BE CONSIDERED WITHIN LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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PLAN THAT WAS ACCEPTABLE TO ALL COUNTRIES. SECRETARY DENT THEN QUICKLY REVIEWED ANNUAL USAGE OF FERROUS SCRAP INDICATING 8 MILLION TON AVERAGE USAGE FOR LAST 3 YEARS WHICH WENT UP TO AN EXPECTED 11 MILLION TONS IN 1973 AND WAS FORECASTED TO POSSIBLY BE BETWEEN 13 AND 14 MILLION TONS IN 1974. HE ADDED THAT THIS WAS FURTHER COMPLICATED WITH CURRENT WAGE AND PRICE CONTROLS IN US. MINISTER LEE REPLIED THAT HE FULLY UNDERSTOOD PROBLEM"

8. "SECRETARY DENT THEN WONDERED WHAT MINISTER LEE'S VIEWS WOULD BE ON RATE OF WORLD WIDE ECONOMIC DEVELOPMENT AS AFFECTED BY RECENT OIL EMBARGO. MINISTER LEE REPLIED THAT MID-EAST OIL EMBARGO PROBLEMS WERE IN SECRETARY KISSINGER'S HANDS AND THAT SECRETARY KISSINGER HAD SOLUTION. SECRETARY DENT RESPONDED THAT EVEN IF SECRETARY KISSINGER WAS SUCCESSFUL IN MAINTAINING CEASE-FIRE, MEANINGFUL PEACE NEGOTIATIONS HAD TO TAKE PLACE SOON IN ORDER NOT TO HAVE SHORTAGE OIL IN PIPELINE. AT BEST, HE EXPECTED OIL SUPPLY TO BE EVEN; AT WORST, HE EXPECTED TO HAVE TEMPORARY DIP. MINISTER LEE MENTIONED THAT CUT-DOWN OF 10 PERCENT WOULD HAVE VERY LITTLE EFFECT; HE

CONTINUED BY SAYING THAT 70 PERCENT OF POWER USAGE WITHIN  
KOREA IS BY INDUSTRY AND THAT HE PREDICTED THAT INDUSTRY  
COULD EASILY ECONOMIZE BY 10 PERCENT. SECRETARY DENT REPLIED  
THOSE NUMBERS WERE ABOUT SAME AS THEY ARE IN UNITED STATES AND  
OFFERED MINISTER LEE COPY OF OUR ENERGY MANAG

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## Message Attributes

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